



**COLORADO**  
**Colorado Water Conservation Board**  
Department of Natural Resources

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**TO:** Colorado Water Conservation Board Members

**FROM:** Cole Bedford, P.E., Project Manager  
Kirk Russell, P.E., Finance Section Chief

**DATE:** September 20-21, 2022 Board Meeting

**AGENDA ITEM:** 9a. Change to Existing Loan  
Genesee Water and Sanitation District - Genesee Reservoir No. 1 Enlargement

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### Staff Recommendation

Staff recommends the Board approve a loan not to exceed \$5,555,000 (\$5,500,000 for Project costs and \$55,000 for the 1% service fee) to the Genesee Water and Sanitation District for costs related to the Genesee Reservoir No. 1 Enlargement, from the Construction Fund. This is an increase of \$1,313,000 (\$1,300,000 for Project costs and \$13,000 for the 1% service fee). The loan term shall remain 40 years at 2.50% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

### Introduction

The Genesee Water and Sanitation District (District) received approval of a \$4,242,000 CWCB loan (CT2021-2851) to finance the Genesee Reservoir No. 1 Enlargement (Project) at the September 2020 CWCB Board Meeting. Genesee Reservoir No. 1 stores 16 acre-feet of water for municipal, augmentation, and other decreed beneficial uses. The purpose of this Project is to modify the reservoir to increase its capacity by an additional 30 AF. In addition to the loan, the District was awarded a \$1,384,000 Water Plan Grant. The total Project cost has increased due to increased construction costs and inflation and is currently estimated to be \$6,884,000. See the attached Project Data Sheet for a location map and a Project Summary and the original board memo dated September 2020.



**Project Update**

In September 2020, the Project cost estimate was \$4,200,000 and it was expected that the loan authorized that month would cover the entire project cost. At the March 2021 CWCB Board Meeting, the District was awarded a \$1,384,000 Water Plan Grant in the Water Storage and Supply Category. The Project cost estimate had not changed at that time and it was expected that the grant would offset a portion of the previously approved loan. Bids for the Project construction were opened on May 27, 2022 and were significantly higher than the original estimate. The discrepancy between the actual bids and the estimate can be attributed to rapidly escalating construction costs, inflation, and increased fuel costs in the past two years. The District’s Board of Directors voted unanimously in favor of requesting a loan increase on July 26, 2022 to enable the completion of the Project. An updated Project cost estimate is provided in Table 1.

**TABLE 1: UPDATED PROJECT COST ESTIMATE**

Tasks	Original	Current
Design / Permitting	\$680,000	\$761,000
Project Management / Engineering	\$325,000	\$500,000
Construction		
Spillway/Outlet Works	\$500,000	\$1,910,000
Liner	\$450,000	\$320,000
Dam/Parapet Wall	\$2,245,000	\$2,555,000
Overall Project Contingency (12%) <sup>1</sup>	\$ -	\$838,000
<b>TOTAL</b>	<b>\$4,200,000</b>	<b>\$6,884,000</b>

<sup>1</sup>Contingency in the original estimate was distributed among the separate line items.

**Permitting:** A US Army Corps of Engineers individual permit is currently pending.

**Schedule:** Despite the higher than expected costs, the Project is of the highest priority for the District and the intention is to move forward. The District plans to provide a Notice of Award to the low bidder immediately after securing this loan increase, if approved. Construction will then begin in the fall of 2022 and be completed in spring 2023.

**Financial Analysis**

Table 2 provides a summary of the Project’s financial aspects. The loan term shall remain 40 years at the September 2020 40-year high-income municipal interest rate of 2.50% per annum.

**TABLE 2: UPDATED FINANCIAL SUMMARY**

Project Item	Original Loan	Increased Loan
Project Cost	\$4,200,000	\$6,884,000
Water Plan Grant	\$ -	\$1,384,000
CWCB Loan Amount	\$4,200,000	\$5,500,000
CWCB Loan Amount (Including 1% Service Fee)	\$4,242,000	\$5,555,000
CWCB Annual Loan Payment	\$168,985	\$221,290
CWCB Annual Loan Obligation (1 <sup>st</sup> Ten Years)	\$185,884	\$243,419
Number of Single Family Equivalents (SFEs)	1,604	1,604
Number of Taps	1,442	1,442
Monthly Loan Obligation per Tap	\$10.74	\$14.07

**Creditworthiness:** Changes to the District's debt are reflected in Table 3. Since approval of the original loan authorization, the District has made regular payments and is in good standing with their lenders.

**TABLE 3: EXISTING DEBT**

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
Wells Fargo Building Authority	\$1,118,550	\$717,923	\$83,652	2027	Pledged Revenues
CWRPDA Loan 2015	\$2,500,000	\$1,750,000	\$125,000	2035	Pledged Revenues
<b>Total</b>		\$2,467,923	\$208,652		

**TABLE 4: UPDATED FINANCIAL RATIOS**

Financial Ratio	Past Years <sup>1</sup>	Future w/ Project <sup>2</sup>	Future w/ Increase
Operating Ratio (revenues/expenses) weak: <100%   average: 100% - 120%   strong: >120%	83% (weak) \$960K/\$1.16M	100% (average) \$1.35M/\$1.35M	100% (average) \$1.41M/\$1.41M
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100%   average: 100% - 120%   strong: >120%	3% (weak) (\$960K-\$953K) \$209K	100% (average) (\$1.35M-\$953K) \$395K	100% (average) (\$1.41M-\$953K) \$452K
Cash Reserves to Current Expenses weak: <50%   average: 50% - 100%   strong: >100%	24% (weak) \$283K/\$1.16M	21% (weak) \$283K/\$1.35M	20% (weak) \$283K/\$1.41M
Debt per Tap (1,442 Taps) weak: >\$5,000   average: \$2,500 - \$5,000   strong: <\$2,500	\$1,893 (strong) \$2.73M/1,442	\$4,834 (average) \$6.97M/1,442	\$5,707 (weak) \$8.28M/1,442
Average Monthly Water Bill weak: >\$60   average: \$30 - \$60   strong: <\$30	\$60 (average)	\$82 (weak)	\$86 (weak)

<sup>1,2</sup> As calculated in September 2020

***Collateral:*** Security for this loan will remain a pledge of revenues backed by a rate covenant. This security is in compliance with the CWCB financial Policy #5 (Collateral).

cc: Chris Brownell, District Manager, Genesee Water and Sanitation District  
Jennifer Mele, Colorado Attorney General's Office

Attachments: Water Project Loan Program - Project Data Sheet  
Original Board Memo (September 2020)



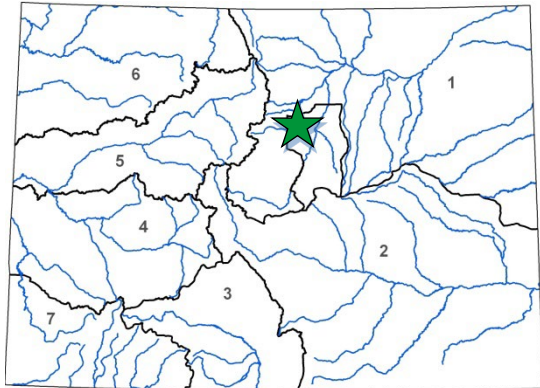
# Genesee Reservoir No. 1 Enlargement

Genesee Water and Sanitation District

September 2022 Board Meeting

(Increase)

L O A N   D E T A I L S		
Project Cost:	\$6,884,000	
CWCB Loan (with Service Fee):	\$5,555,000	
Water Plan Grant:	\$1,384,000	
Loan Term and Interest Rate:	40 Years @ 2.50%	
Funding Source:	Construction Fund	
B O R R O W E R   T Y P E		
Agriculture	Municipal	Commercial
0%	0% Low - 0% Mid - 100% High	0%
P R O J E C T   D E T A I L S		
Project Type:	Reservoir Enlargement	
Average Annual Diversion	411 AF	
New Storage:	30 AF	



L O C A T I O N			
County:	Jefferson		
Water Source:	Bear Creek		
Drainage Basin:	South Platte		
Division:	1	District:	9

The Genesee Water and Sanitation District (District) was created in 1973 and currently services 1,442 taps and approximately 3,900 people in Genesee. Genesee Reservoir No. 1 was originally constructed in 1975 to provide a raw sewage lagoon for the District; however, it was later changed to a water augmentation reservoir for the District.

The Genesee Reservoir No. 1 Enlargement (Project) includes final design, permitting, and construction of a 30 AF enlargement to the 16AF existing reservoir. The Project includes replacement of the synthetic liner, construction of a new tie-in to the District’s raw water transmission line, a 20-foot raise of the spillway, and construction of a parapet wall ranging from 8-24 feet high on top of the existing earthen dam crest to minimize changes to the downstream dam slope. This construction will increase the raw water storage in the District by almost 50%, and provide greater operational flexibility and better drought protection. The District has also received a Water Plan Grant for the project. Bids for construction were received in May 2022 and were higher than expected. This increase will cover the difference between the estimated cost and actual cost per contractor bids.

